



# The Real Estate ANALYST

AUGUST 30  
1947

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends...Constantly measuring and reporting the basic economic factors responsible for changes in trends and values....Current Studies....Surveys....Forecasts

Volume XVI

Copyright 1947 - by ROY WENZLICK & CO. - Saint Louis  
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

Number 39

## HAS THE MARRIAGE BOOM REACHED ITS PEAK ?

**I**N the April 1934 issue of the Real Estate Analyst discussing the marriage reserve we said, "The rapid absorption of this enormous marriage reserve will be one of the factors which will contribute to bringing about the new boom in real estate which we so confidently expect and predict."

In 1936 in The Coming Boom in Real Estate\* we said, "The reserve at the present time is about three times as great as it has ever been before. The release of only a portion of this reserve in the next five years would create the greatest housing shortage we have ever experienced."

The importance of marriage to real estate lies in the increased demand for new housing caused by a rising marriage rate. Marriages "lost" during times of depression are for the most part made up when times get better.

We have found that in the past housing shortages occur as new families are formed, thereby bringing about an absorption of the marriage reserve. As the marriage rate increases, tremendous building booms develop. When it is borne in mind that "marriage delay" occurs at the same time that doubling up of families occurs, and that an increase in the marriage rate is an indication of better economic conditions which make it possible for doubled up families to expand to separate living quarters again, it is quite apparent why a high marriage rate ushers in a housing shortage and introduces a building boom.

A great deal has been written regarding the increasing financial independence of women and the higher education of both men and women as deterrents to marriage. While we agree that these reasons may account for some drop in the marriage rate, we believe that they are comparatively insignificant and that a much more important factor is the economic status of the country. When times are good, a feeling of confidence runs through the country and more marriages result. In depressed times, a feeling of insecurity and fear causes marriages to be deferred.

The national average marriage rate shown on page 328 demonstrates how closely marriages follow the economic trends of the nation.

Since 1932 the rise has been uninterrupted except during the 1938 recession and 1943 and 1944 when so many young men were out of the country. Although divorces have been granted at an unprecedented rate, they, too, are drastically affected by economic conditions.  
(cont. on page 338)

\*Page 15 of The Coming Boom in Real Estate, by Roy Wenzlick. Simon and Schuster, New York, 1936.

## REAL ESTATE ACTIVITY BY CITIES

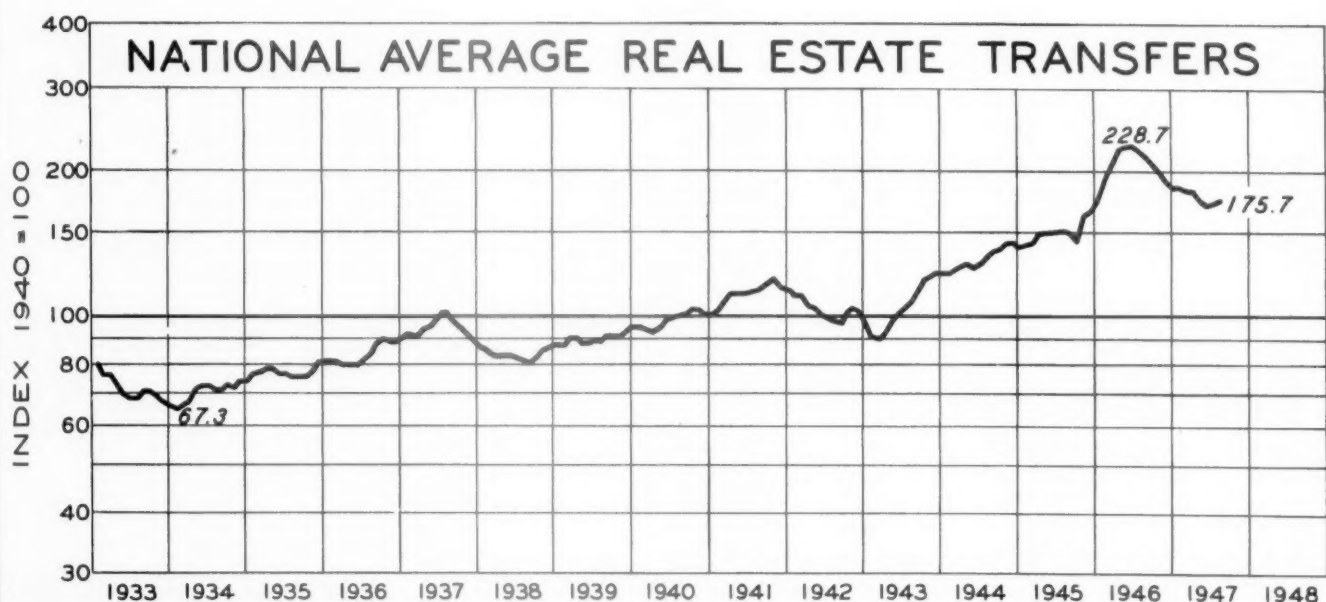
**A**LTHOUGH the national real estate cycle follows a period averaging 18-1/3 years, local cycles may vary as to length and violence. It is the general rule that older, more settled cities follow a less violent course than newer, more rapidly growing cities. Industrial cities may be expected to reach their peaks later than "agricultural cities." Notice that Des Moines and Atlanta show peaks in activity in late 1945, while most of the other cities shown reached their peak in mid-1946.

Just as different cities vary in their degree of conformity to the national cycle, so do different types of real estate. Farm real estate activity generally reaches its peak two or three years before the peak of residential activity is reached and the peak for office building and other types of income property generally comes along two to three years after the residential peak.

While it is not known exactly why this takes place, one possible explanation would be that farm booms receive their impetus from an increase in the price of farm products. In large part, farm products are the most basic of all commodities - food. Because a demand for food cannot be deferred, it acts as an almost immediate stimulus to the price of farm products. Thus, as soon as outside influences bring about higher demand for food (as in the time of war), the increase in the price of farm products begins pouring money into the farmers' pockets before the people in the cities feel the benefits of the new prosperity. As soon, however, as the unusual food requirements are met the demand drops almost overnight to its former level, bringing about a rapid shrinkage in food prices and in the value of farm lands.

The bigger investment properties, such as large apartment buildings, hotels and office buildings, generally are stirred into their highest activity later in the boom for two reasons: 1. It requires quite some time before all their vacancies are absorbed; and 2. In many cases leases negotiated in less favorable times are in force, thereby holding the income of the property at a lower level than is justified by the increased

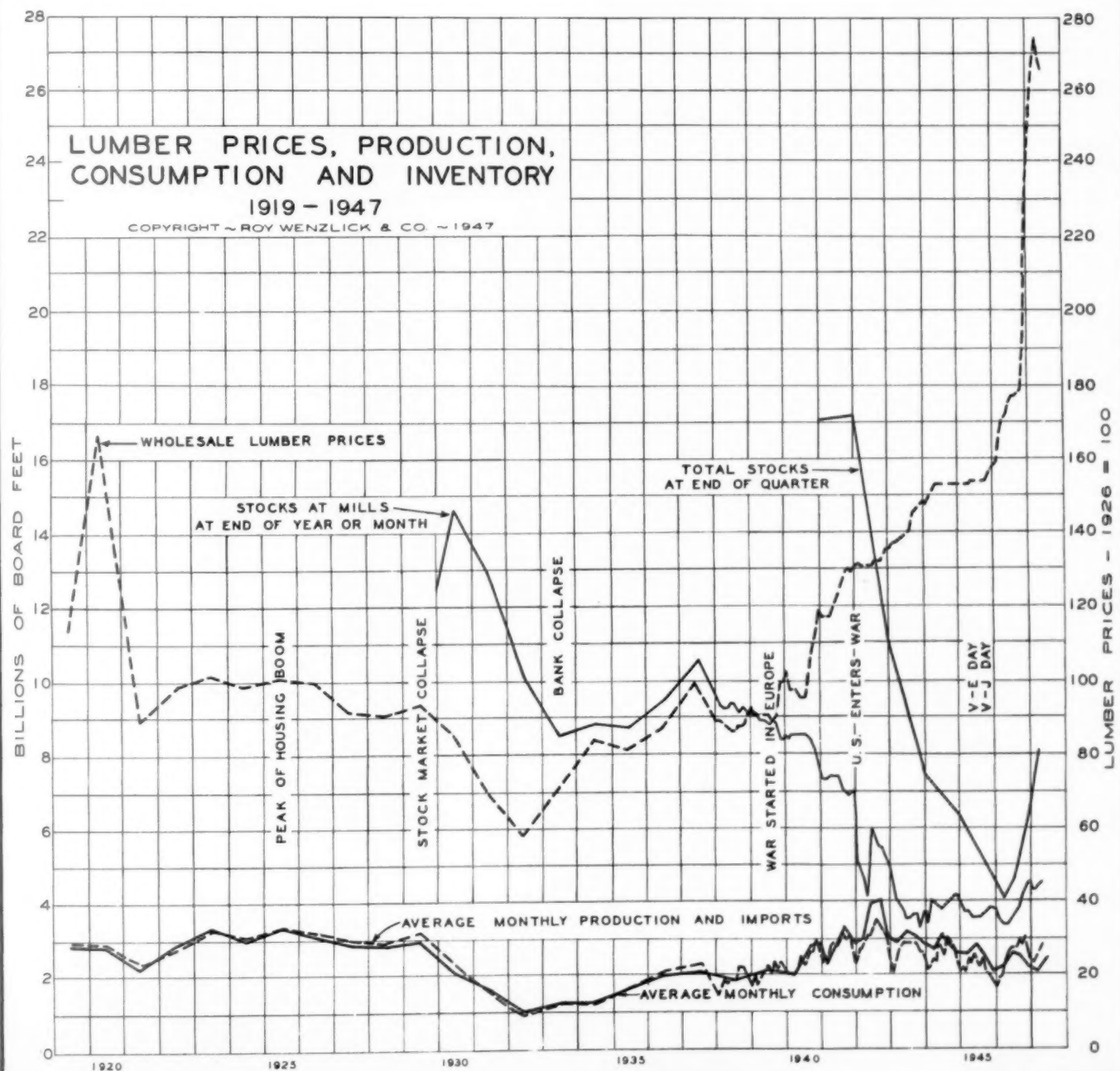
(cont. on page 338)



## LUMBER PRICES LEVELING OFF

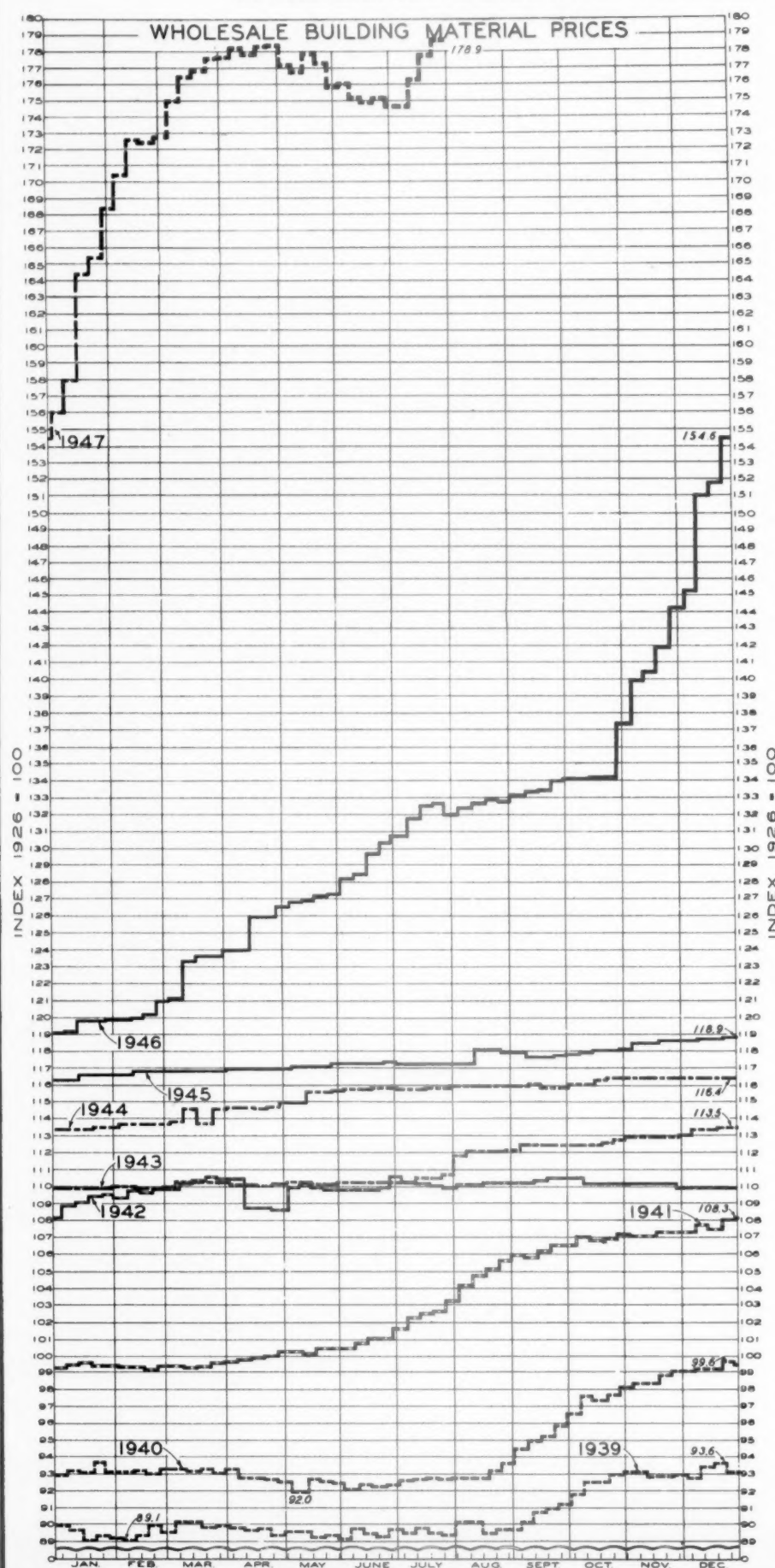
**I**N March 1947, lumber prices reached their all-time peak, 63 per cent above their former high mark in 1920. March's peak was also 78 per cent above the prices of V-J Day.

In 1939 when lumber prices were in the near doldrums, the average weekly wage in the industry was \$19.06. In May 1947 the average lumber worker earned \$42.93 per week, an increase of 125 per cent. This rise, coupled with lowered output per man per hour (about 25 per cent below 1939 standards), higher freight rates and higher stumpage costs, goes a long way in accounting for increased lumber prices. Since March small declines, actually more of a leveling off, have taken place, and at present the price situation can best be portrayed by a large and very quizzical question mark. Indications are that more and more buyers' resistance will develop toward the lower grades.





## WHOLESALE BUILDING MATERIAL PRICES



**A**FTER a brief and slight recession in the spring and beginning of the summer, wholesale building material prices have once more climbed to a point slightly above their peak of the early part of May. This high level, however, is only 6.0 per cent above their previous high reached in April 1920. It is remarkable, considering the increased inflationary pressures of this postwar period in comparison with the last, that prices are not higher than they are.

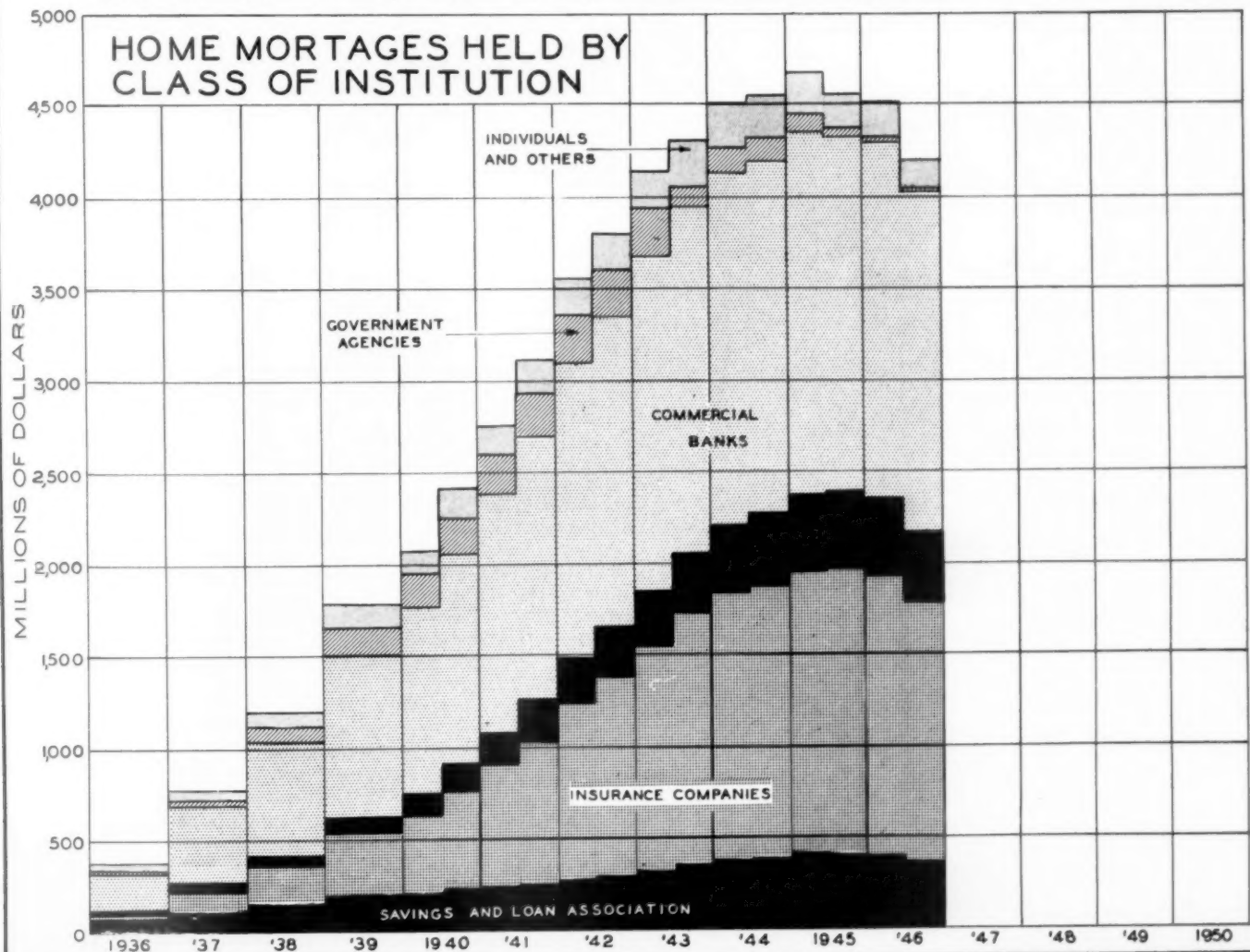
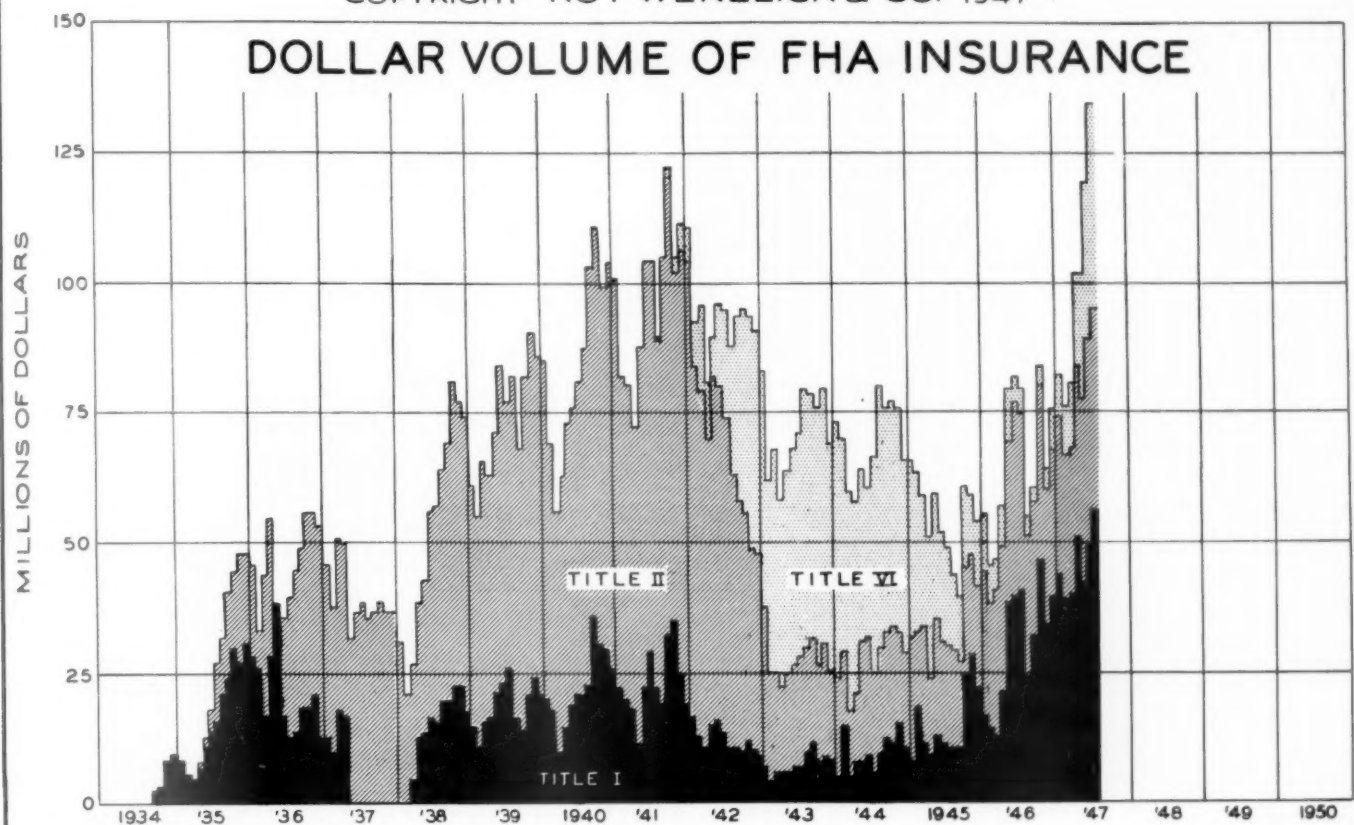
As a matter of fact, the recent drops in price have been so small and of such short duration that they constitute merely a phase of the leveling off process.

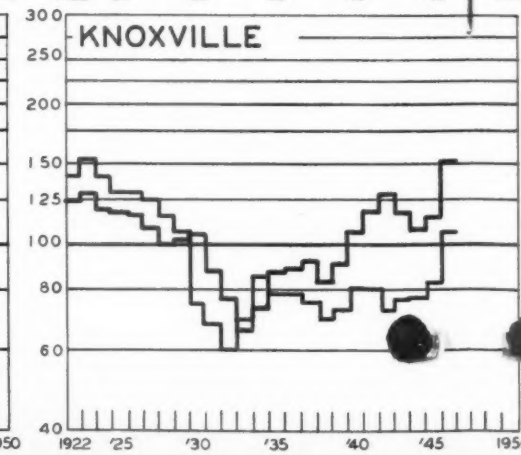
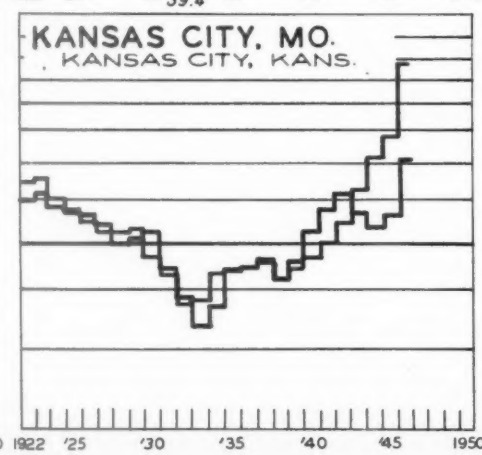
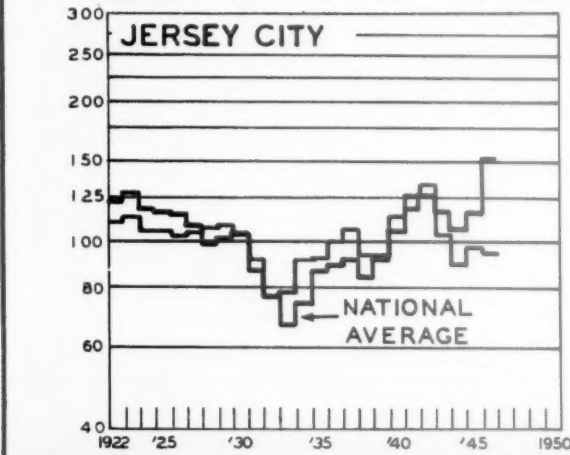
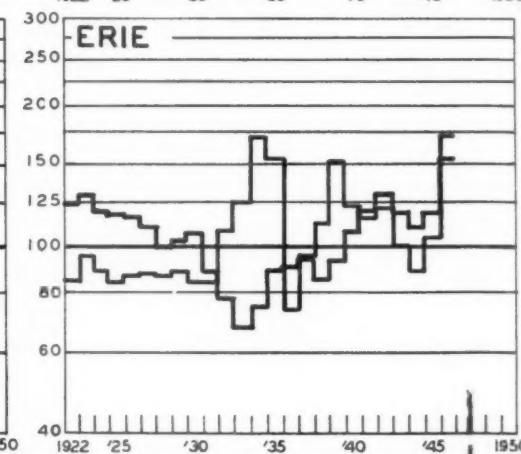
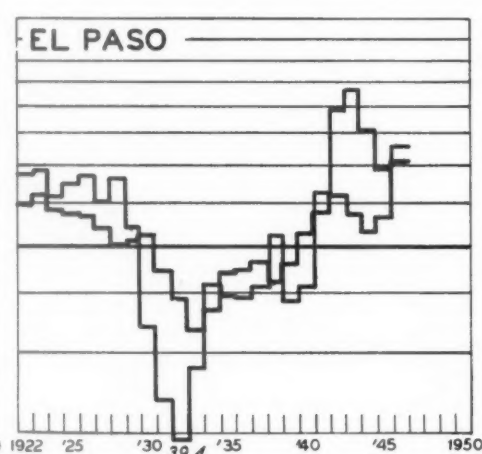
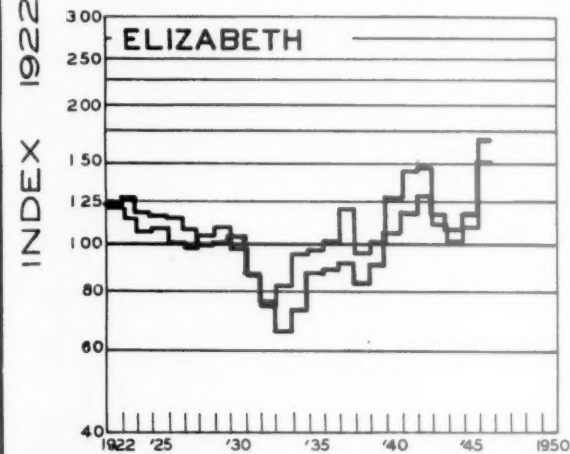
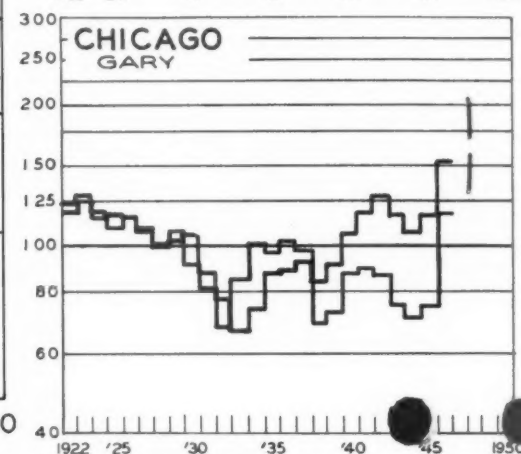
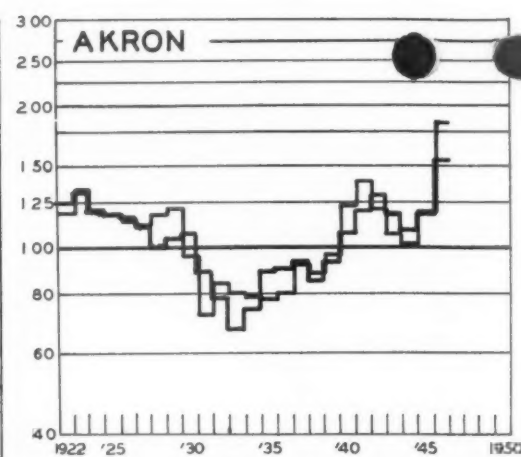
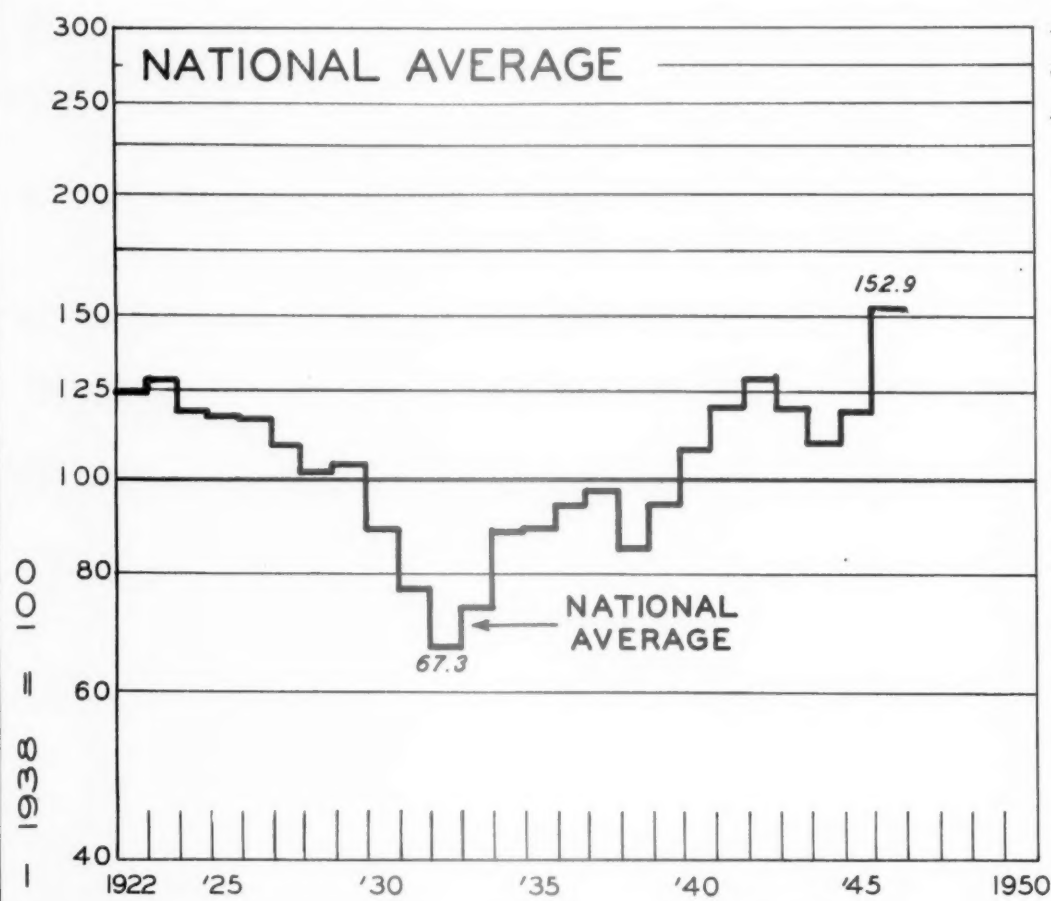
How long this leveling off will continue is rather doubtful, but despite the increases in production of building materials, the pick-up in volume of construction should forestall any radical price drops before 1948.

In order to repeat the terrific drop in prices that took place in 1920-1921, the index would have to tumble from its present reading of 179 to a reading of 98 in the comparatively short span of eighteen months. It seems safe to assume that a drop of this size will not occur in the near future.

# FHA FINANCING

COPYRIGHT ROY WENZLICK & CO. 1947

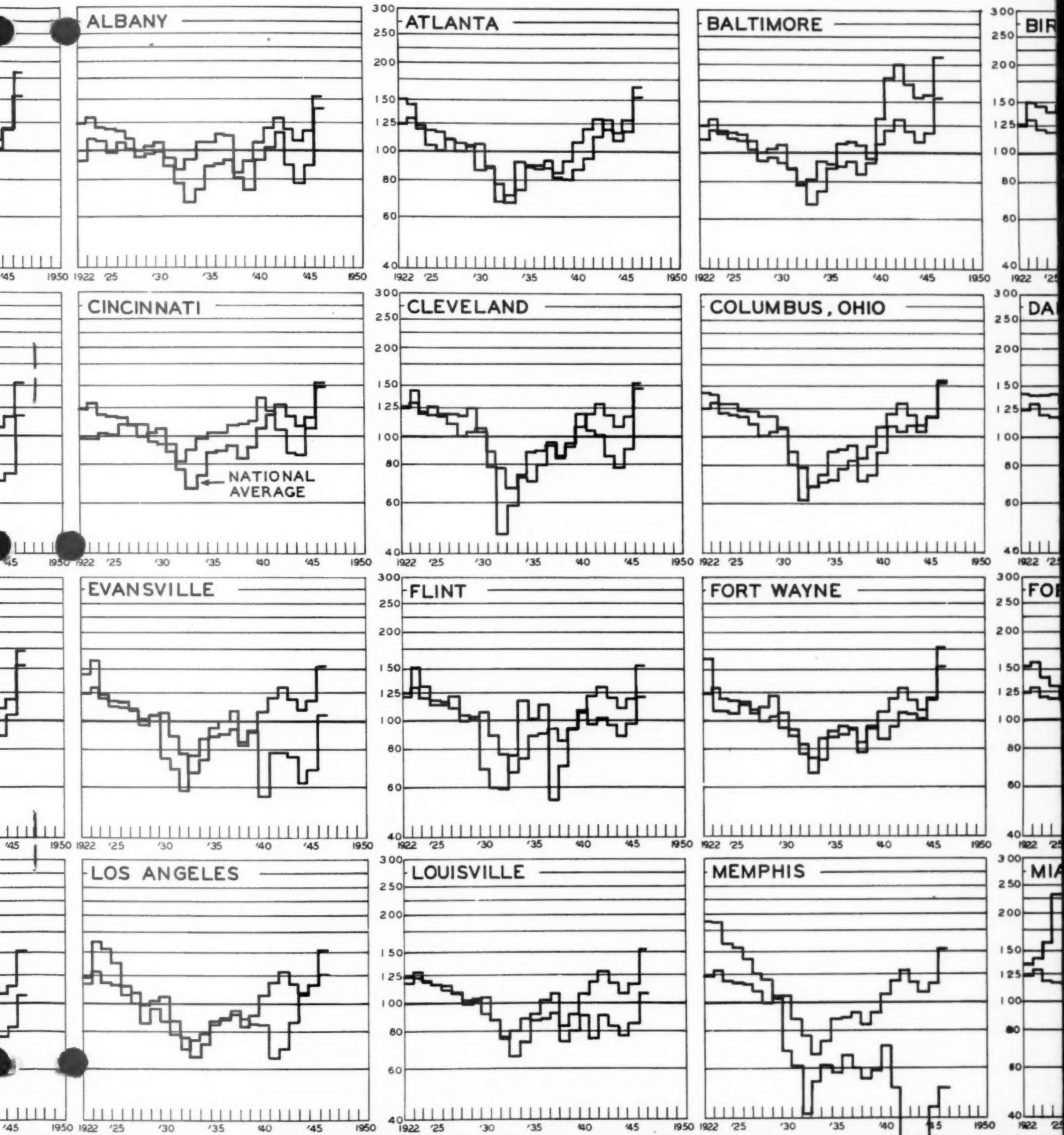






# FLUCTUATIONS IN THE MARRIAGE

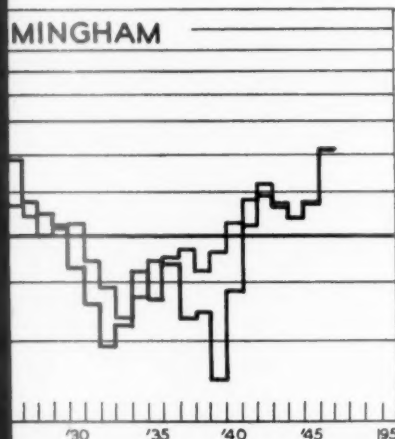
COPYRIGHT - ROY WENZLIG



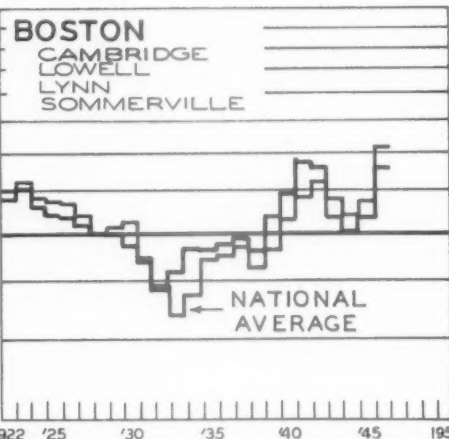
# RATE IN PRINCIPAL CITIES

K & CO. - 1947

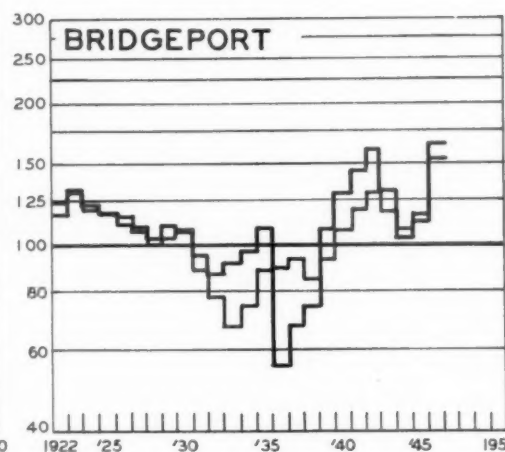
BIRMINGHAM



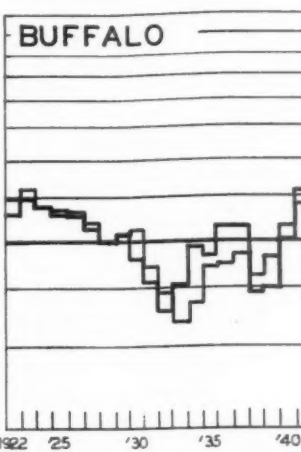
BOSTON



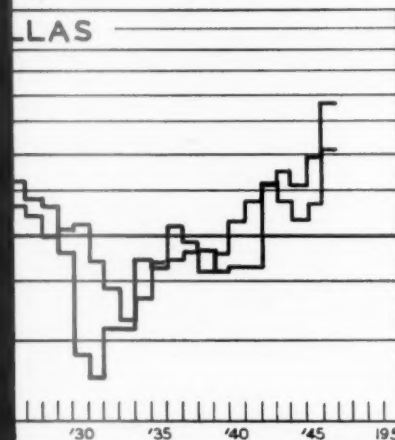
BRIDGEPORT



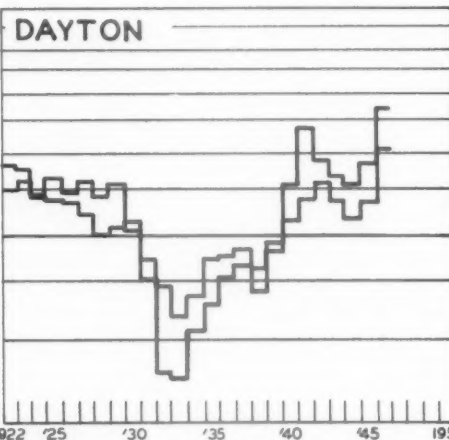
BUFFALO



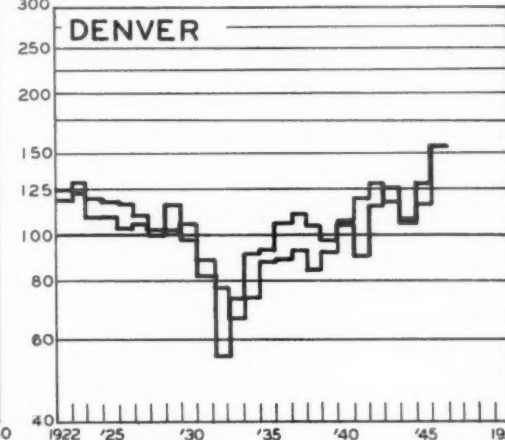
DALLAS



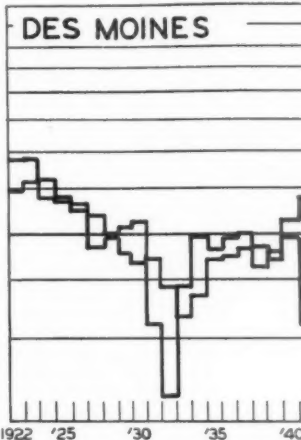
DAYTON



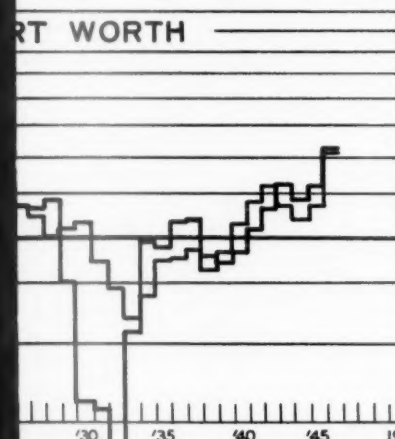
DENVER



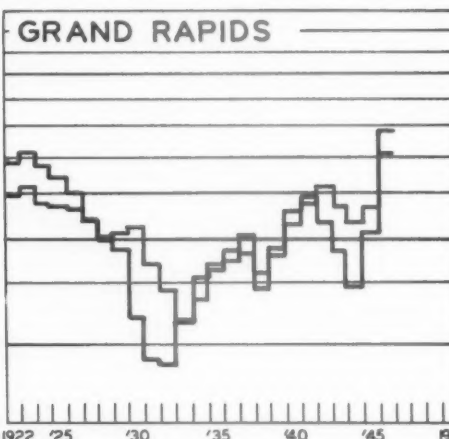
DES MOINES



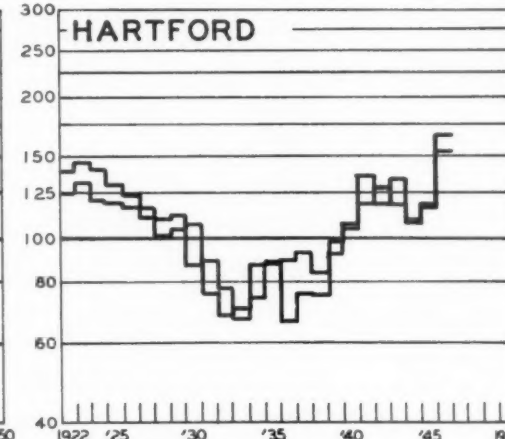
FORT WORTH



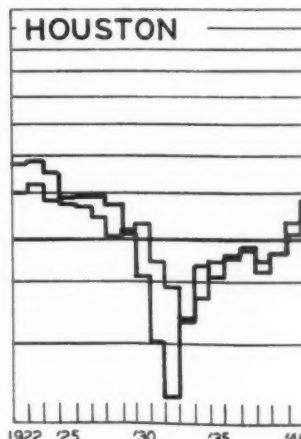
GRAND RAPIDS



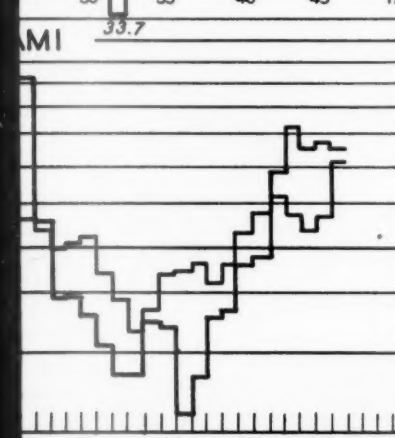
HARTFORD



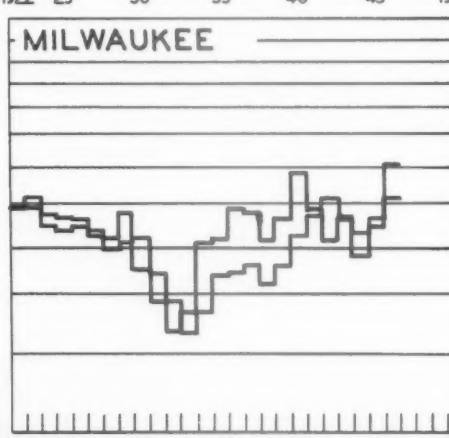
HOUSTON



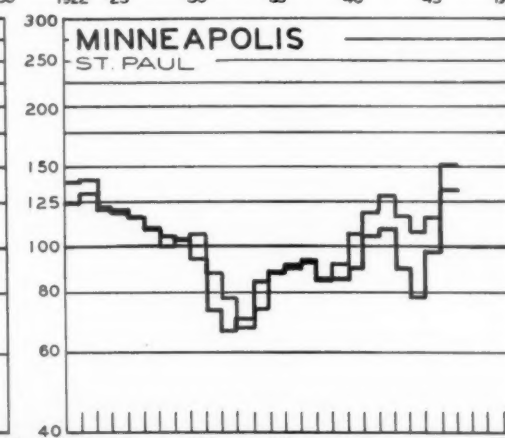
MINNEAPOLIS



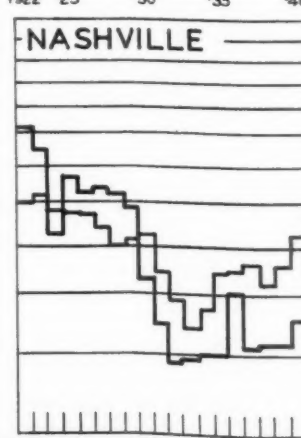
MILWAUKEE



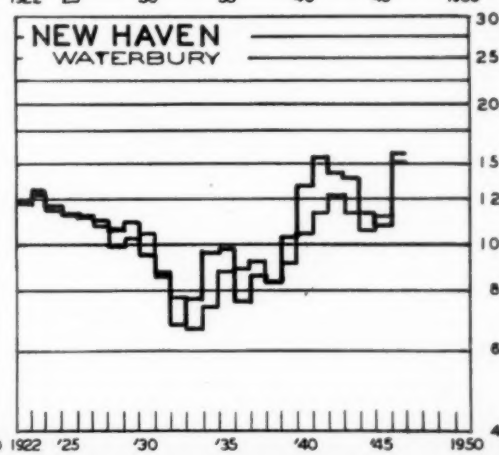
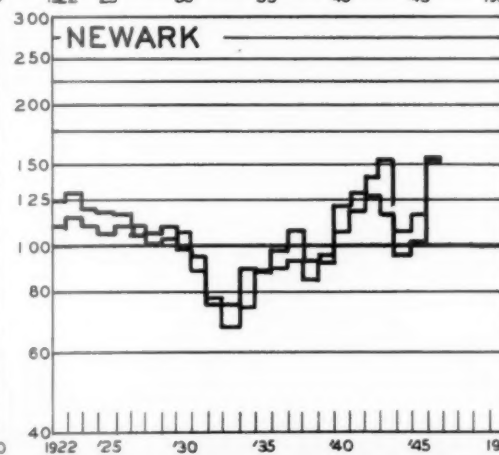
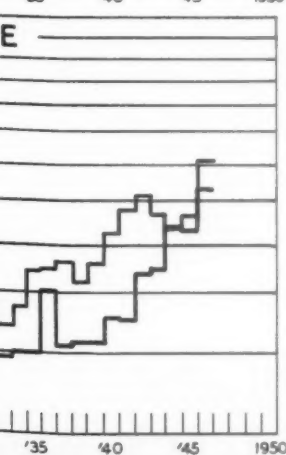
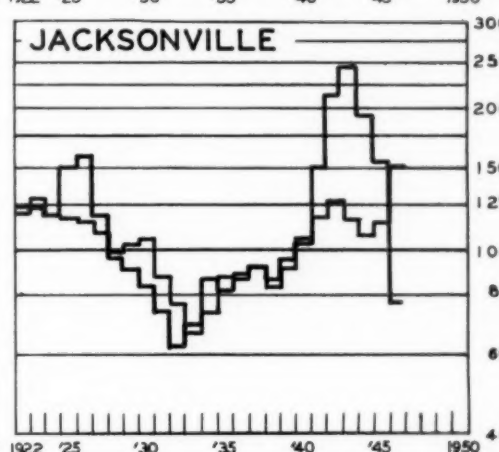
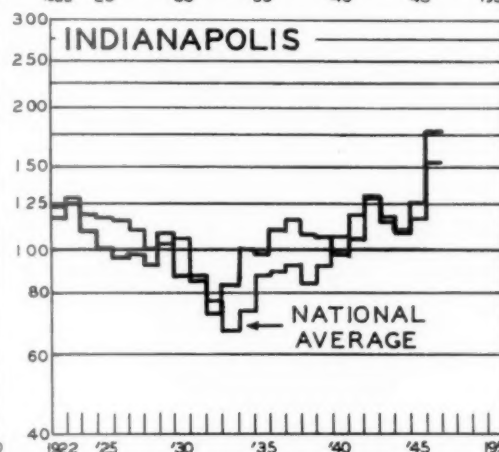
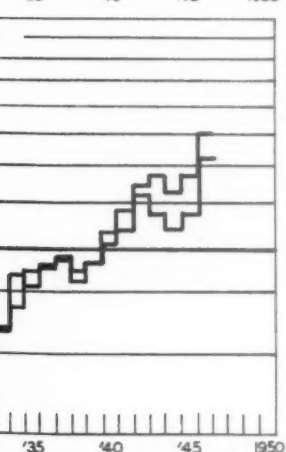
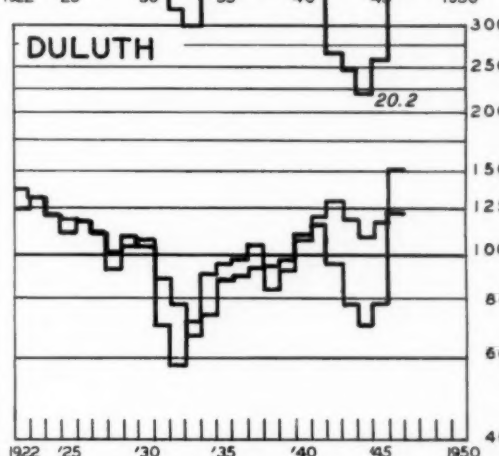
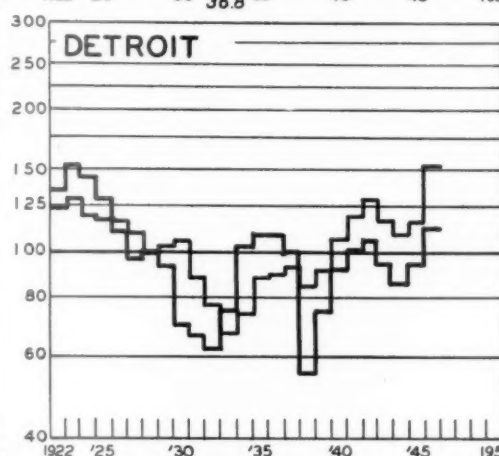
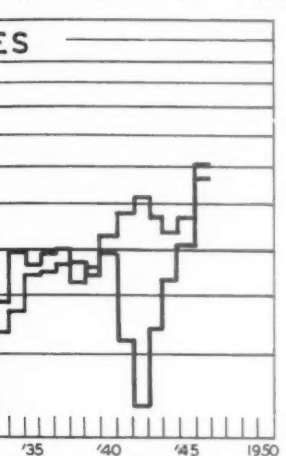
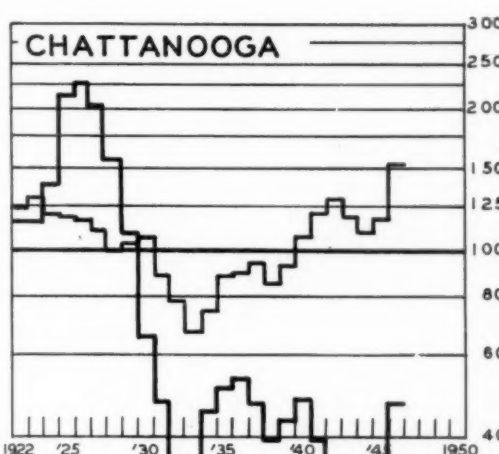
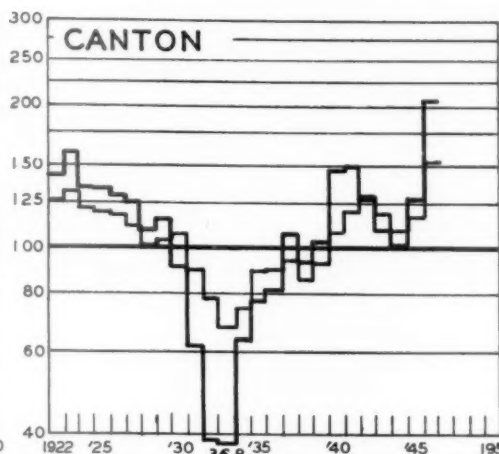
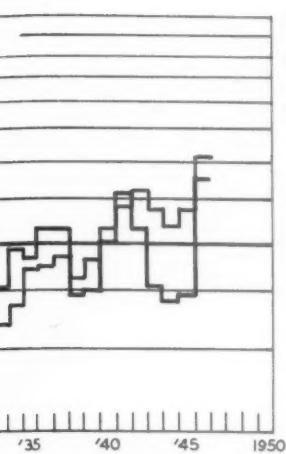
MINNEAPOLIS



NASHVILLE







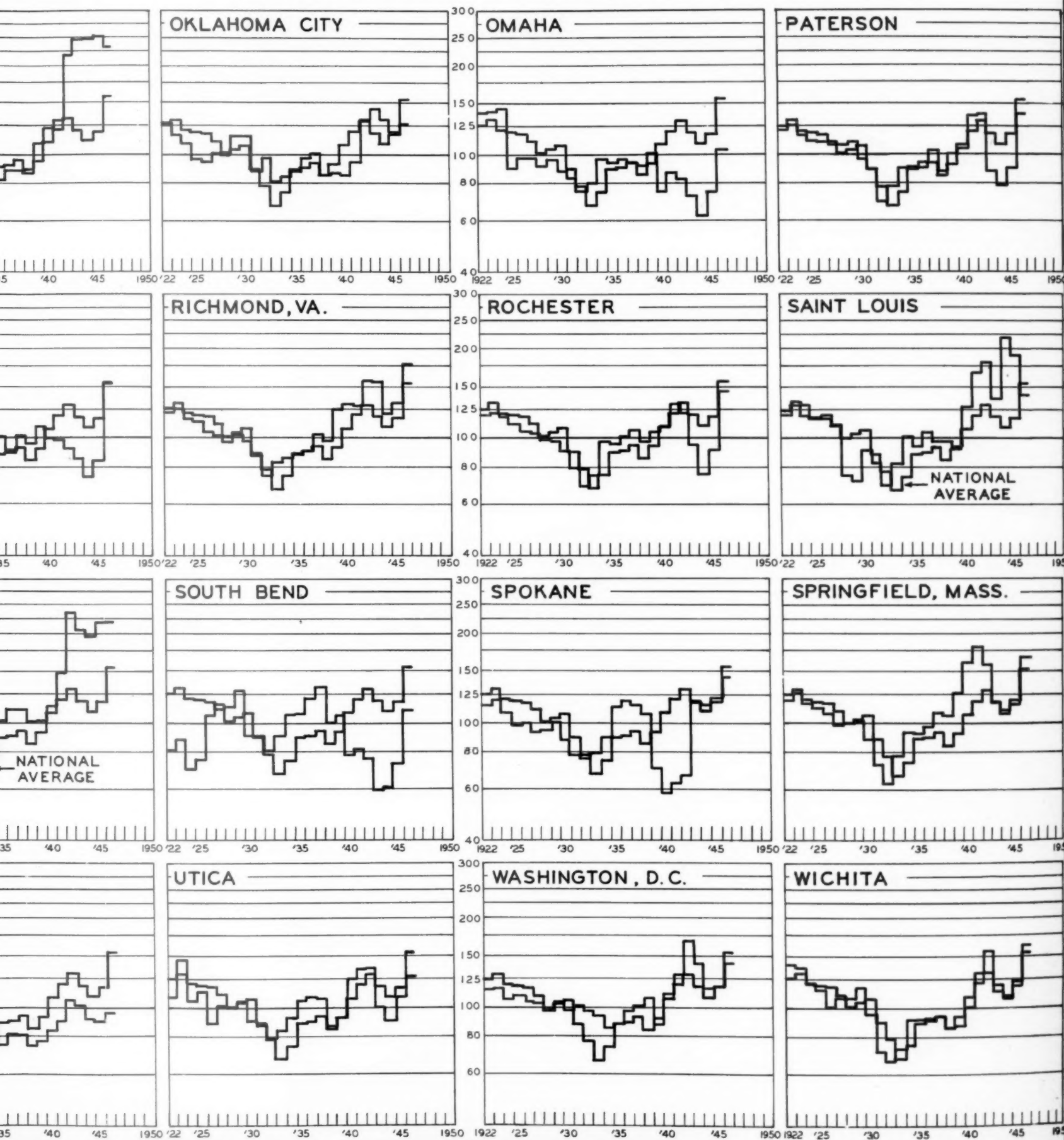
INDEX 1922 = 100 - 1938

# FLUCTUAT



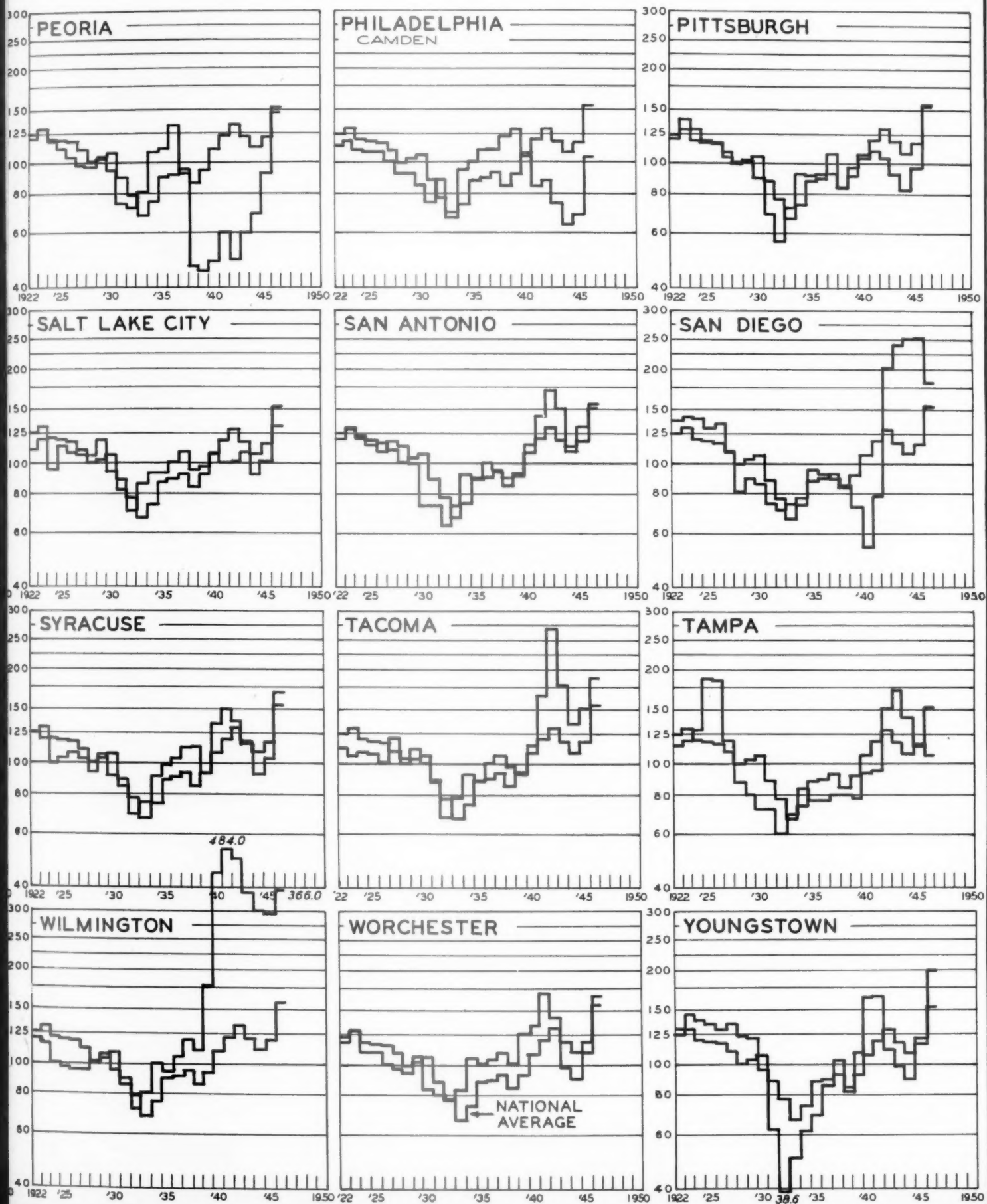
# SITUATIONS IN THE MARRIAGE RATE IN PRINCIPAL

COPYRIGHT - ROY WENZLICK & CO. - 1947



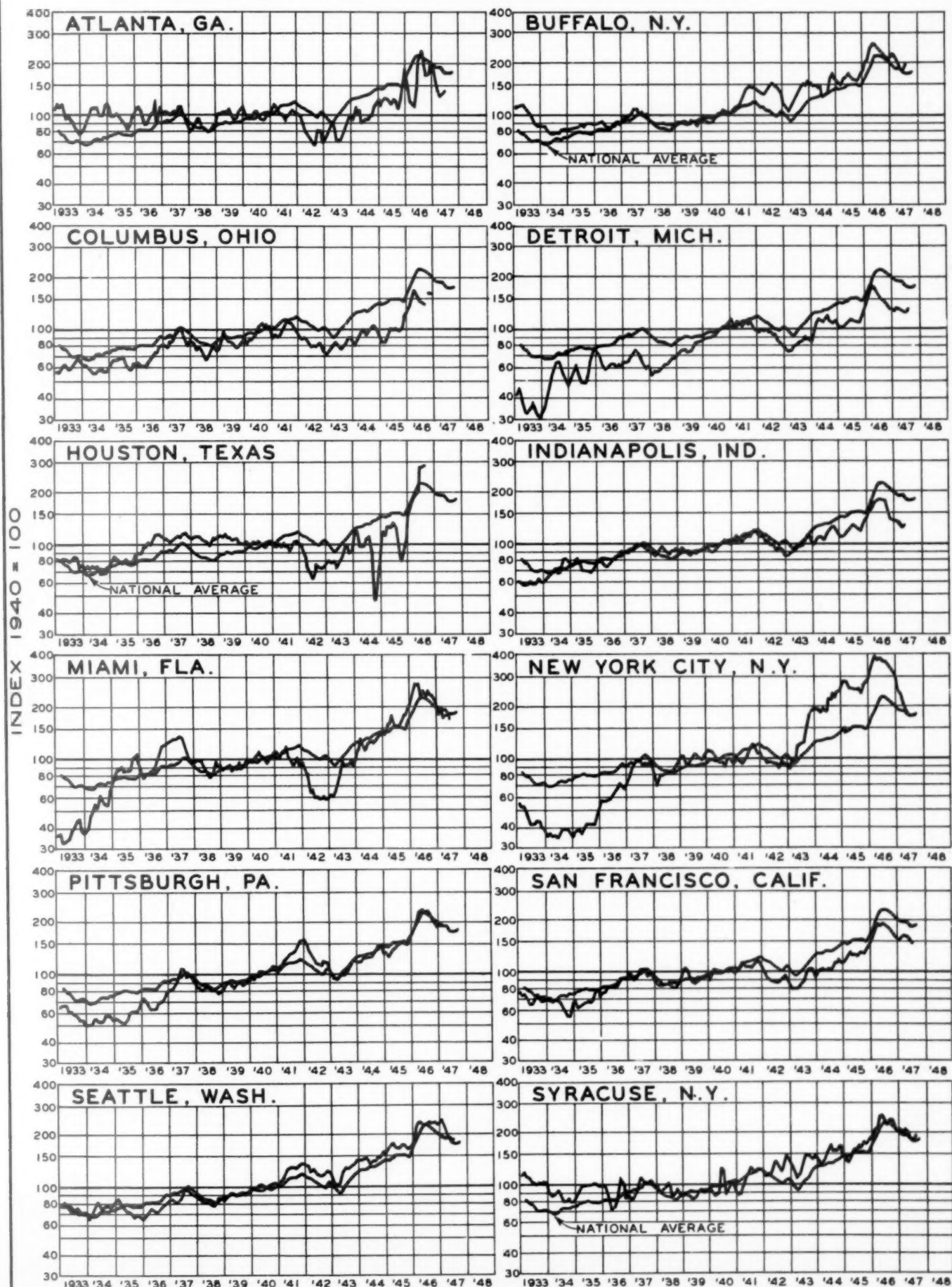


# AL CITIES



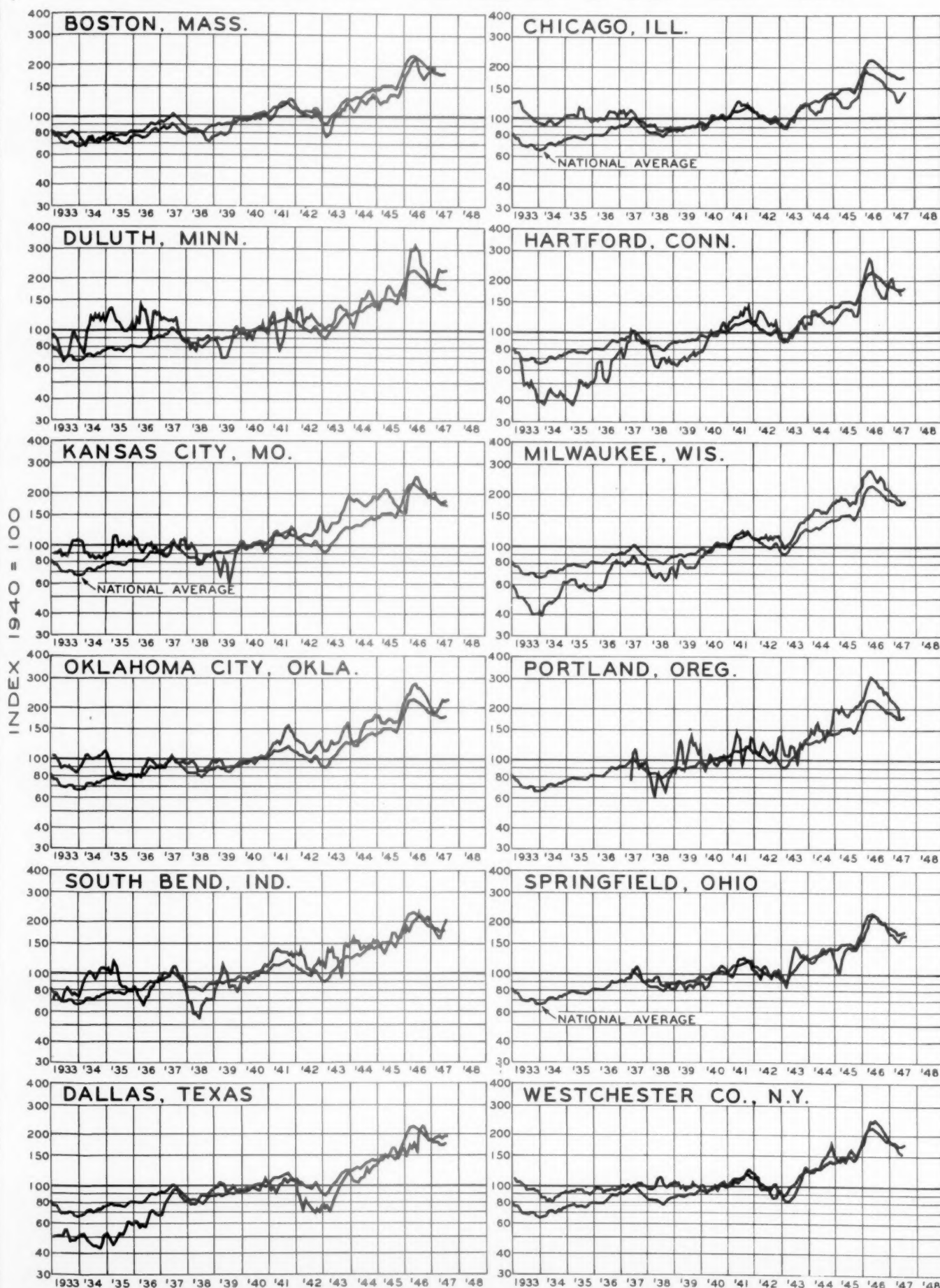
# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

COPYRIGHT 1947 ~ ROY WENZLICK & CO. ~ SAINT LOUIS



# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

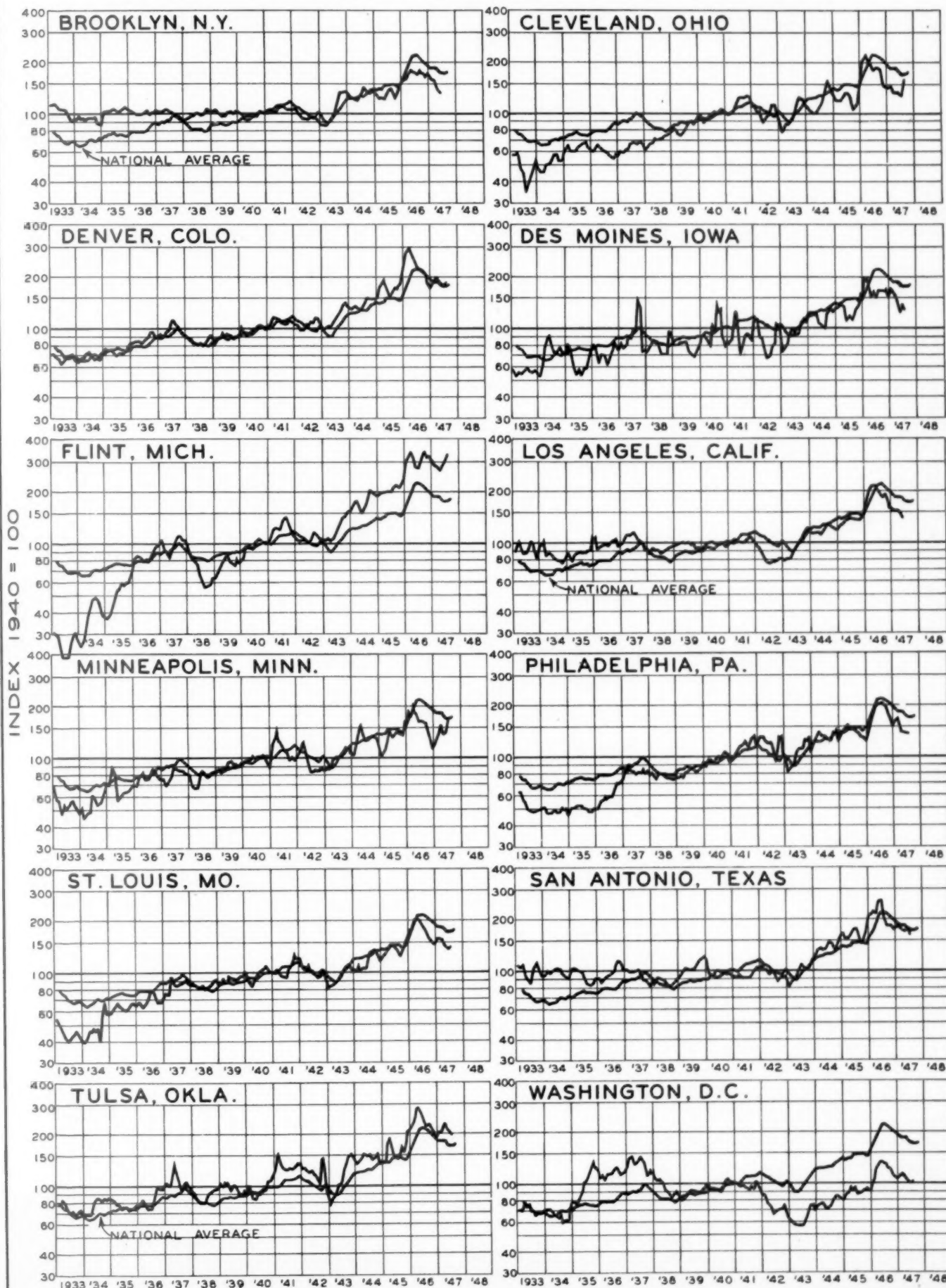
COPYRIGHT 1947 ~ ROY WENZLICK & CO. ~ SAINT LOUIS





# REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

COPYRIGHT 1947 ~ ROY WENZLICK & CO. ~ SAINT LOUIS



### Real Estate Activity By Cities

(cont. from page 324)

replacement cost. As vacancies are absorbed and the old leases expire, new and more favorable leases and high occupancy combine to increase the income to a point where it becomes profitable to construct new buildings in competition with the existing ones.

At present, both nationally and in most of the cities charted, the trend is down. This downward trend in many cities followed a double peak in activity, the second one not quite so high as the first. This may indicate that while activity is still high and may remain high for some time, the peak of the boom has been passed. Of course, a sustained surge of new building could shove some local activity trends to new heights, but we do not believe that this is probable on a national scale. In the closing years of the boom we can expect increased activity in the larger investment properties.

The behavior of real estate transfers in a number of cities shows a great variation from the average of all cities. This is particularly true in New York City, where the rise from 1933 to 1946 has been far greater than it has been in any other large city. This does not necessarily mean that real estate transfers in New York City in 1946 were occurring at a rate above the average of all cities. It probably means that in 1934 and 1935 real estate activity in New York City was depressed to an extremely low level. In 1940, the base year for our chart, it was still very much below normal, and using this year as the base for our New York and national figures is misleading to the person who merely glances at the chart without studying its implications.



### Has The Marriage Boom Reached Its Peak?

(cont. from page 323)

omic conditions. In good times the rate tends to rise, while in times of depression more couples remain together.

Naturally the formation of new families has a beneficial reaction on many other lines of business besides real estate. Sales of furniture, household goods, and home appliances receive new impetus from the rising marriage rate.

During recent years more States have passed health laws or have established waiting periods for marriages. Cities located near the border in these States will frequently show a rapidly falling marriage rate as couples cross the border to Gretna Greens located in less exacting States. Conversely, a border city may show an increasing marriage rate as couples from neighboring States seek to evade the health laws and waiting period.

The location of army camps and the influx of people into industrial areas during the war had a marked effect on the marriage rate of individual cities. Most cities with war industries gained in population and consequently in marriages, while those cities with little or no war industry saw their marriage rates fall as their population shifted into cities of greater war activity. Of course, an army camp or training base nearly always provided a boost to the marriage rate. In studying the marriage rates in various cities it will be advisable to keep these factors in mind.

While 1946 recorded a new peak in marriages (2,313,800), preliminary figures for the first quarter of 1947 indicate that the marriage rate has dropped about 20 per cent. We believe that this rate will continue a slow steady decline for many years.